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# Message Text

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PAGE 01 STATE 091389

73
ORIGIN EB-11

INFO OCT-01 EUR-25 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01 /177 R

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APPROVED BY EB/ ITP: JCRENNER
EUR/ RPE: AALBRECHT
STR: JSHOWE
---------- 059040
R 141845 Z MAY 73
FM SECSTATE WASHDC
TO ALL OECD CAPITALS
USMISSION EC BRUSSELS
USMISSION GENEVA
USMISSION OECD PARIS

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E. O. 11652: N/ A
TAGS: ETRD
SUBJECT: MILLS- EBERLE EXCHANGE ON RECIPROCITY

THERE FOLLOWS A REPORT OF AN EXCHANGE BETWEEN CHAIRMAN MILLS AND AMBASSADOR EBERLE ON THE QUESTION OF RECIPROCITY WHICH TOOK PLACE MAY 10 DURING THE HEARINGS ON THE TRADE REFORM ACT OF 1973.

1. THE CHAIRMAN. YESTERDAY I THINK PERHAPS SECRETARY SHULTZ MADE A STATEMENT ABOUT, WHAT WAS IT, RECIPROCITY, THE WORD RECIPROCITY THAT WAS MISUNDERSTOOD AT LEAST BY SOME AND CAUSED SOME DEGREE OF CONCERN AND AGGITATION IN SOME OF THE CAPITALS ABROAD. THEY THOUGHT FROM READING OF CERTAIN ARTICLES THAT THE SECRETARY HAD SAID THAT
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PAGE 02 STATE 091389

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

WE WERE NO LONGER GOING TO PROCEED ON THE BASIS OF RECIPROCITY IN OUR NEGOTIATIONS AND IN OUR TRADE.

2. WILL YOU STRAIGHTEN OUT THE RECORD BY TELLING US JUST WHAT WAS INTENDED?

3. AMBASSADOR EBERLE. MR. CHAIRMAN, THE U. S. AGREED, AND IT IS OUR POLICY THAT THESE NEGOTIATIONS WILL BE CONDUCTED PURSUANT TO THE DECLARATION OF 1972, WHICH IS MUTUAL ADVANTAGE, MUTUAL COMMITMENT, WITH OVERALL RECIPROCITY.

4. SECRETARY SHULTZ' COMMENTS YESTERDAY WERE TOTALLY CONSISTENT WITH THIS. HE DID SAY YOU WON' T FIND THE WORD RECIPROCAL IN ANY TESTIMONY. YOU ALSO WON' T FIND THE WORD IN THE TRADE EXPANSION ACT OF 1962 OR THE TRADE REFORM ACT OF 1973.

5. WHAT WAS BEING SAID HERE WAS THAT IN THE OLD DAYS OF TARIFF NEGOTIATIONS THERE WAS, AS SECRETARY SHULTZ INDICATED, A TIT- FOR- TAT TYPE OF SITUATION, YOU GIVE ME A ONE PERCENT REDUCTION IN YOUR TARIFF ON A HUNDRED MILLION DOLLARS AND WE MUST GET THAT BACK.

6. THIS NEGOTIATION IS SO BROAD AND SO COMPLICATED THAT WE ARE GOING TO HAVE TO APPLY JUDGMENT IN A LOT OF THESE AREAS. IT IS NOT THAT KIND OF DIRECT RECIPROCITY. IT IS THE KIND OF MUTUAL COMMITMENT WHERE YOU HAVE NEW CODES OF STANDARDS, CODES OF CONDUCT, REMOVAL OF BARRIERS, THE KIND OF MUTUAL ADVANTAGE WHERE, IF WE CAN REMOVE THE DISTORTIONS FROM A LOT OF THESE AREAS OF TRADE, THE TRADE WILL FLOW ON A MORE EVEN KEEL AND WE WILL GET OUR SHARE OR MORE ON A HIGHLY COMPETITIVE BASIS.

7. IT IS THAT KIND OF APPROACH THAT WE ARE ALL TALKING ABOUT.

8. I JUST WANTED TO BE SURE THAT WE GET STARTED. I THINK THERE IS SOME CONCERN THAT THERE ARE A NUMBER OF PRACTICES OF OTHER COUNTRIES THAT WE ARE PROCEEDING AGAINST, THAT WE WOULD LIKE TO DISPOSE OF WITHOUT COMPENSATION BECAUSE
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WE CONSIDER THESE ILLEGAL. WE DON' T CONSIDER THEM PART OF THE NEGOTIATIONS. THESE ARE THE ILLEGAL QUOTAS THAT JAPAN HAS, AND WE ARE PROCEEDING TO DISCUSS A LOT OF THESE WITH THE OTHER COUNTRIES.

9. THE CHAIRMAN. THANK YOU, SIR.

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

10. I THOUGHT THAT WAS REALLY WHAT THE SECRETARY HAD IN MIND YESTERDAY. RUSH

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